

Washington, D.C. – As the jobless recovery drags on, millions of unemployed and working Americans face dim economic prospects this Labor Day. Two new reports from the Congressional Budget Office (CBO) point to persistently high unemployment, worsening budget deficits, and Bush tax cuts largely benefiting those with the highest income gains over the last two decades.

“Millions of Americans have nothing to celebrate this Labor Day thanks to President Bush’s economic policies,” said Rep. Pete Stark, Senior Democrat on the Joint Economic Committee. “It is not proving to be just another day at the beach for most Americans. President Bush’s slow-growth, jobless recovery has many families caught in the economic undertow. Higher unemployment is causing real hardships for families. For those lucky enough to have a job, many are swimming against the tide,” added Stark.

In its mid-year update on the federal budget and a report on family tax burdens, CBO found some dim economic news for America’s families:

- The record of employment growth over the past two years has been even worse than in the “jobless recovery” of the 1991-1993 period, according to CBO. Since the start of President George W. Bush’s recession, the economy has lost 3.2 million private sector jobs and there are still no signs of a jobs recovery.

- The unemployment rate is not anticipated to fall quickly from its current level. CBO expects that the unemployment rate will average 6.2 percent – its current level – for calendar years 2003 and 2004.

With no policy changes, the federal budget deficit will reach a record \$480 billion next year and the Federal government will accumulate nearly \$1.4 trillion in new debt over the coming decade, creating a drag on economic growth. However, CBO estimates that expected policy changes would boost the ten-year deficit to more than \$5 trillion.

- Over the last two decades, CBO finds that the after-tax income of the richest 1 percent of households rose 201 percent – 8 times more than for middle-income households. Despite this fact, the richest 1 percent of households will reap one-third of the benefits of the misguided Bush tax cuts.

“While President Clinton’s economic policies fostered broad-based income growth for families in the 1990s, President Bush’s reversal of those policies does not bode well for the economic prospects of Americans today,” concluded Stark.

